

**PUBLIC DISCLOSURE**

**October 4, 2010**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**OneUnited Bank**

**23966**

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<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Federal Deposit Insurance Corporation (“FDIC”) and the Massachusetts Division of Banks (“Division”) to use their authority when examining financial institutions subject to their supervision, to assess the institution’s record of meeting the credit needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **OneUnited Bank (“OneUnited” or the “Bank”)** prepared by the FDIC and the Division, the institution's supervisory agencies, as of **October 4, 2010**. The agencies evaluate performance in assessment area(s), as they are delineated by the institution, rather than individual branches. The assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The FDIC and Division rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and Part 345 of the FDIC’s Rules and Regulations.

The Federal Financial Institutions Examination Council (“FFIEC”) interagency evaluation procedures require the FDIC to evaluate a bank’s overall performance and also each individual state in which the institution has a branch; therefore, an overall rating and individual state ratings are provided. The Division also assesses the bank’s overall performance using similar guidelines, and considers the performance in each state; however, primary emphasis is placed on the performance within the State of Massachusetts.

***INSTITUTION'S CRA RATING:*** Needs to Improve.

Lending Test is rated Needs to Improve

Community Development Test is rated Needs to Improve

***STATE CRA RATINGS:***

This institution is rated Needs to Improve in California.

This institution is rated Needs to Improve in Massachusetts.

This institution is rated Substantial Noncompliance in Florida.

Based on the Bank’s current asset size, its CRA performance was evaluated using the *Interagency Intermediate Small Institution (ISI) Examination Procedures*, which consist of a Lending Test and a Community Development Test. A summary of the Bank’s overall performance within each of the two tests is provided below and additional detail is provided under the *Conclusions with Respect to Performance Tests*. A summary of the Bank’s performance in each state in which it maintains branch offices is provided following the *Conclusions with Respect to Performance Tests*. The individual state ratings appear in table format in Appendix C.

## **LENDING TEST**

The Bank's overall lending activities are considered less than reasonable. The overall lending performance was adversely affected by the Bank's failure to originate or purchase a reasonable number of loans in Massachusetts or Florida during the evaluation period, as well as the Bank's low lending volume in California. The overall lack of lending can be attributed to various factors, including limited resources and staff in the Bank's lending area, economic conditions, business decisions made by the institution to avoid perceived risks in the real estate market, and the effects of the Risk Management Cease and Desist Order ("Order") issued in October 2008. Nonetheless, these factors do not fully explain, or justify, the Bank's failure to meet the standards for a "Satisfactory" rating, particularly in Massachusetts and Florida. It should be further noted that OneUnited received a rating of "Substantial Noncompliance" in the Florida assessment area at the previous evaluation. Although a significant majority of the Bank's business activities occur in California, the lending performance in that State did not offset the poor performance in both Massachusetts and Florida. The institution made only five home mortgage loans in Massachusetts and three in Florida during the entire evaluation period (April 3, 2007 through October 4, 2010). As a result, a meaningful analysis of OneUnited's lending in Massachusetts and Florida was not feasible due to the lack of loans in each State.

OneUnited's average quarterly net loan-to-deposit ("LTD") ratio since the last FDIC examination is 105.3. Additionally, 95.5 percent of the Bank's total residential mortgage loans in 2008, 2009, and year-to-date (YTD) 2010 (January 1 through June 30) were inside OneUnited's assessment areas, with the majority made in the California assessment area. Despite the percentage of loans originated in low- and moderate-income tracts and to low- or moderate-income borrowers, the geographic distribution and borrower characteristic criteria are considered poor due to the overall low level of lending.

Based on this information, the Bank's Lending Test is rated Needs to Improve. Please refer to the Lending Test sections of this evaluation for additional information.

## **COMMUNITY DEVELOPMENT TEST**

The Bank's community development lending across all assessment areas was less than adequate. OneUnited originated only one qualified community development loan (CDL) in the Massachusetts assessment area and one qualified CDL in the Florida assessment area. While OneUnited originated an adequate number of CDLs in the California assessment area, the substantial majority of these loans were not made until 2010. There was very little community development lending activity prior to 2010 due to the minimally staffed lending area. The vast majority of CDLs originated during the review period were secured by multi-family dwellings in California. These loans provided affordable rental housing to the assessment area. The Bank also made two qualified CDLs for the purpose of providing community services to residents of low- and moderate-income areas. One of these loans also temporarily revitalized a low-income census tract through permanent job creation.

Analysis of the Bank's qualified investments revealed only modest levels of charitable contributions, one small equity investment in California, and three certificates of deposit (CDs) in community development financial institutions (CDFIs). However, it should be noted that two of the three CDs were located outside the Bank's assessment areas. Overall, the level of qualified investments was poor.

A review of community development services revealed that the Bank was somewhat active in providing financial literacy services, particularly within the California and Massachusetts assessment areas. However, Bank employees, including members of senior management, provided their financial expertise to only a limited number of qualified community development organizations. The level of involvement varied by assessment area. Representatives were somewhat active within the Massachusetts area, but the level of involvement in California, and especially in Florida, was limited.

Based on this information, the Bank's Community Development Test is rated Needs to Improve. Please refer to the Community Development Test sections of this evaluation for additional information.

## **SCOPE OF EVALUATION**

This evaluation covers the time period from April 3, 2007 to October 4, 2010. As previously noted, examiners utilized ISI CRA procedures.

Table 1 illustrates the Bank's distribution of loans, deposits, and branches by State. The majority of OneUnited's banking activities occur in California. As a result, more weight was given to activities in California when arriving at the overall rating.

<b>Table 1 – State and Assessment Area Weighting</b>			
<b>Assessment Area</b>	<b>% of Branches</b>	<b>% of Total Loans</b>	<b>% of Total Deposits</b>
California	55.6	83.9	80.8
Massachusetts	22.2	8.4	12.5
Florida	22.2	7.7	6.7

*Source: Bank Records as of 6/30/2010*

Under the Lending Test, emphasis was placed on loans originated in 2008 and 2009. Loans originated in YTD 2010 were considered for trend purposes. According to the Bank's June 30, 2010 Report of Condition and Income ("Call Report") and discussions with management, the Bank's primary lending focus is residential real estate, both 1-4 family and multi-family; therefore, the evaluation is based on the institution's home mortgage lending performance. The review considered home mortgage loans on the Bank's Loan Application Registers ("LARs") maintained pursuant to the Home Mortgage Disclosure Act ("HMDA"). OneUnited reported 21 loans, totaling \$5.2 million in 2008; and 21 loans, totaling \$4.9 million in 2009. As of June 30, 2010, OneUnited originated 22 home mortgage loans totaling \$14.8 million.

The Bank's home mortgage lending performance was compared against 2008 and 2009 HMDA aggregate data and various assessment area demographics. Aggregate data includes all home mortgage loans originated or purchased by financial institutions subject to HMDA within the Bank's assessment areas. Demographic information referenced in this evaluation was obtained from the 2000 United States (U.S.) Census, unless otherwise noted.

Commercial loans represent 12.5 percent of the Bank's loan portfolio according to the June 30, 2010 Call Report; however, according to Bank records, OneUnited originated only one small business loan, totaling \$458,000, during the review period. Based on the lack of originations and statements from management indicating that the institution did not pursue small business loans during the review period, this evaluation does not discuss this loan product. Consumer loans represent less than one percent of OUB's loan portfolio and the Bank does not originate small farm loans; therefore, these two loan types were also excluded from the evaluation.

The Community Development Test considered all of the Bank's CDLs originated since the previous evaluation, as well as qualified investments and community development services. Any qualified investment, previously obtained by the Bank, and still on the books, was also considered in the overall rating.

## **PERFORMANCE CONTEXT**

### **DESCRIPTION OF INSTITUTION**

OneUnited is a \$518 million, minority-owned, commercially-chartered financial institution headquartered in Boston, Massachusetts, serving the states of California, Massachusetts, and Florida. The institution is the resulting entity of the consolidation of four minority-owned banks: Boston Bank of Commerce in Boston, Massachusetts; Peoples National Bank of Commerce in Miami, Florida; Founders National Bank in Los Angeles, California; and Family Savings Bank in Los Angeles, California. The strategy in consolidating the four institutions was to combine resources, technology, and management skills in order to improve the Bank's overall performance and to better serve urban communities.

OneUnited has been designated as a Community Development Financial Institution since July 1997. The CDFI program is a U.S. government-sponsored initiative (through the U.S. Department of the Treasury) created to expand the availability of credit, investment capital, and financial services in distressed urban and rural communities. The program provides financial assistance to institutions that serve these communities and low-income individuals. The program was established to assist the nation's inner cities and solicits private sector investments. The investments are targeted toward economic opportunity, including job creation; investment pools for capital access and innovative financing strategies; job and occupational skills training; and entrepreneurial and business support and assistance.

The Bank's current branch structure includes nine branch locations: 2343 Washington Street, Roxbury, Massachusetts; 648 Warren Street, Dorchester, Massachusetts; 3683 Crenshaw Boulevard, Los Angeles, California; 4143 Crenshaw Boulevard, Los Angeles, California; 6810 La Tijera Boulevard, Los Angeles, California; 205 East Compton Boulevard, Compton, California; 1335 North Lake Avenue, Pasadena, California; 3275 N.W. 79th Street, Miami, Florida; and 2412 North State Road 7, Lauderdale Lakes, Florida. Four offices are located in moderate-income census tracts; three are located in low-income tracts; one is located in a middle-income tract, and one office is located in an upper-income census tract. While the Bank's main office is also located in a low-income census tract, this location is not a retail branch. The Bank opened the branch at 648 Warren Street, Dorchester, Massachusetts during the evaluation period in 2007. This office is located in a low-income census tract. Branch hours are typical for the industry, with all but three branches opened on Saturdays. The Bank belongs to the Moneypass and SUM Networks, enabling its customers to access thousands of ATMs across the country surcharge free.

The institution experienced a decline in asset size since the previous CRA evaluation in 2007. The Bank's assets decreased from \$653 million as of December 31, 2006, to \$518 million as of June 30, 2010. Management attributed the decrease to a concerted effort by the Bank to increase its capital position in response to the Order issued jointly by the FDIC and the Division in October 2008. While the Order may have indirectly affected the volume of lending produced by the Bank, there were no specific provisions in the Order that restricted lending activity. The Bank's assets were also affected by significant losses in 2008 as a result of certain stockholdings.

As of June 30, 2010, the Bank had total loans of \$322 million and total deposits of \$273 million, representing decreases of 35.9 percent and 29.3 percent, respectively, since the previous CRA evaluation. Total loans represent 62.2 percent of the Bank's total assets. Securities and cash represent 18.2 percent and 13.0 percent of total assets, respectively. With respect to the loan

portfolio, loans secured by residential real estate represent 85.5 percent of total loans, while multi-family loans (5 or more units) represent 66.5 percent of the portfolio and 1-4 family dwellings represent 19.0 percent. Loans secured by commercial real estate represent 12.0 percent of the loan portfolio. Table 2 provides a breakdown of the loan portfolio.

<b>Table 2 – Loan Distribution as of June 30, 2010</b>		
<b>Loan Type</b>	<b>Dollar Amount \$(000's)</b>	<b>Percent of Total Loans (%)</b>
Construction and Land Development, and Other Land	5,473	1.7
Open-End Lines of Credit Secured by 1-4 Family Residential	170	--*
Closed-End Secured by First Liens: 1-4 Family Residential	60,792	18.9
Closed-End Secured by Junior Liens: 1-4 Family Residential	334	0.1
Secured by Multi-Family (5 or more) Residential Properties	213,940	66.5
Secured by Nonfarm Nonresidential Properties	38,676	12.0
<b>Total Secured by Real Estate</b>	<b>\$319,385</b>	<b>99.2</b>
Commercial and Industrial	1,668	0.5
Consumer	527	0.2
All Other Loans and Obligations	333	0.1
Less: Unearned Income on Loans	0	N/A
<b>Total Loans</b>	<b>\$321,913</b>	<b>100</b>

*Source: Call Report as of June 30, 2010 \*nominal*

The Bank offers a variety of deposit and lending products. According to OneUnited's website ([www.oneunited.com](http://www.oneunited.com)) the institution is committed to developing urban communities across the country by providing superior deposit products and services, affordable loan programs, and financial literacy education. OneUnited's business focus is the origination of 1-4 family and multi-family residential real estate loans in urban areas, with a focus on low- and moderate-income communities. In 2010, with new senior management in the lending area, OneUnited launched a new residential lending program and re-launched its multi-family lending program in all three of its assessment areas. These programs were not effectively marketed before 2010. The lack of loans was significantly impacted by the Bank's lack of a senior lender. The senior lender was not hired until December 2009. Prior to that hire, OneUnited devoted limited resources to loan production, which directly impacted the Bank's lending performance during the evaluation period. As was previously noted, the Bank's loan originations in the first two quarters of 2010 surpassed the number and dollar amount of loans originated during each of the prior two years. This increasing trend in loan volume in 2010 demonstrates the correlation between loan production and the level of resources allocated to lending by Bank management and the Board of Directors.

The Bank's overall CRA performance was deemed "Satisfactory" at the previous evaluation conducted jointly by the FDIC and the Division, as of April 3, 2007.

## DESCRIPTION OF THE ASSESSMENT AREAS

The CRA requires each covered financial institution to delineate one or more assessment areas within which the institution's record of helping to meet the credit needs of those assessment areas will be evaluated.

OneUnited has three separate assessment areas (AAs) in three states:

1. Los Angeles County, California (California AA)
2. Suffolk County, Massachusetts (Massachusetts AA)
3. Miami-Dade County and Broward County (combined), Florida (Florida AA)

The assessment areas have not changed since the previous evaluation. OneUnited's combined AAs consist of 2,856 census tracts: 255 low-, 826 moderate-, 853 middle-, and 902 upper-income tracts. There are 20 tracts in the AAs with no available income information (NA). The following is a description of each assessment area, with detail provided on relevant demographic data.

### **California Assessment Area**

OneUnited has designated the entire Los Angeles County as its California AA. The area is quite large and contains numerous cities and towns, each with diverse demographics. The area is located in the Los Angeles-Long Beach-Glendale, California Metropolitan Division ("MD") #31084. The following information highlights relevant demographic and economic factors.

#### ***Income***

Income levels are determined by comparing actual income to the median family income ("MFI") for the Metropolitan Area or MD in which the subject property is located. The MFIs utilized are those that are adjusted annually by the Department of Housing and Urban Development ("HUD"). The HUD MFI figures are based on the MFIs derived from the most recent U.S. Census and are adjusted to allow for factors such as inflation and other significant economic events. The 2008 and 2009 HUD-adjusted MFI's for the Los Angeles-Long Beach-Glendale, CA MD are shown in Table 3.

<b>Table 3 – Median Family Income Levels – California</b>		
<b>Area</b>	<b>2008</b>	<b>2009</b>
Los Angeles-Long Beach-Glendale, CA MD	\$59,800	\$62,100

Persons or households earning less than 50 percent of the MFI are considered low-income; persons or households earning between 50 percent and less than 80 percent of the MFI are moderate-income; persons or households earning between 80 percent and less than 120 percent of the MFI are middle-income; and persons or households earning 120 percent or more of the MFI are upper-income.

#### ***2000 U.S. Census Data***

The area is composed of 2,054 census tracts, including 179 low-, 581 moderate-, 575 middle-, and 703 upper-income tracts, as well as 16 tracts with no available information (NA).

The area's total population is 9,519,338. This population consists of 3,136,279 households, with 7.1 percent and 25.6 percent located within the low- and moderate-income census tracts, respectively. Further analysis reveals that 24.7 percent of households are low-income and 15.7

percent are moderate-income, and approximately 61.3 percent of all low-income households are below the poverty level. Households below the poverty level would not likely qualify for a conventional home mortgage loan. A total of 15.1 percent of all households are below the poverty level.

Table 4 provides relevant housing information in the California AA by income level of census tract.

<b>Table 4 – Selected Housing Characteristics by Income Category of the Geography (CA)</b>								
<b>Income Level of Census Tract</b>	<b>Percentage</b>					<b>Median</b>		
	<b>Households</b>	<b>Housing Units</b>	<b>Owner-Occupied</b>	<b>Rental Units</b>	<b>Vacant Units</b>	<b>Age</b>	<b>Home Value (\$)</b>	<b>Gross Rent (\$)</b>
<b>Low</b>	7.1	7.3	1.9	11.8	12.0	42	146,135	514
<b>Moderate</b>	25.6	25.8	15.5	35.0	29.5	42	154,235	630
<b>Middle</b>	30.1	30.0	31.3	29.1	26.7	40	177,188	758
<b>Upper</b>	37.2	36.9	51.3	24.1	31.8	37	350,292	977
<b>NA</b>	0.0	0.0	0.0	0.0	0.0	0	0	538
<b>Total or Median</b>	100.0%	100.0%	100.0%	100.0%	100.0%	38	263,542	737

*Source: 2000 U.S. Census*

The area consists of 3,270,909 total housing units. Of this total, 45.9 percent are owner-occupied, 50.0 percent are classified as rental units, and the remaining units are vacant. An analysis of the housing units by property type revealed that 64.9 percent are in 1-4 family dwellings, 33.4 percent are in multi-family dwellings, and the remaining units are mobile homes or other units. Within the low-income census tracts, 12.1 percent are owner-occupied and 81.0 percent are rental units. In the moderate-income census tracts, 27.5 percent are owner-occupied and 67.8 percent are rental units. This information suggests that ample opportunities exist for the Bank to make 1-4 family and multi-family mortgage loans within the AA.

### ***Housing Prices***

According to the 2000 U.S. Census, the median housing value in the AA was \$263,542. However, this information is not reflective of current real estate values in the California AA. More recent data obtained from *The Los Angeles Times* revealed that the median sales prices in 2008 and 2009 within Los Angeles County were \$400,000 and \$320,000, respectively. The downward trend in home prices corresponds with the downturn in the economy. Nonetheless, these prices remained relatively high. Housing prices suggest potential difficulties in making home mortgage loans to low- and moderate-income applicants.

### ***Competition***

The Bank operates in a highly competitive environment for home mortgage loans in the California AA. According to aggregate data, a total of 755 lenders originated or purchased at least one home mortgage loan in the California AA in 2008. In 2009, 749 lenders originated or purchased at least one home mortgage loan in the AA. Competition includes large national and regional banks, credit unions, mortgage companies, and numerous community banks. Many of the financial institutions are larger than OneUnited.

### ***Unemployment***

According to the Bureau of Labor Statistics, the unemployment rate for Los Angeles County was 7.5 percent for 2008 and 11.6 percent for 2009. These figures are slightly higher than those for the State of California, which were 7.2 percent in 2008 and 11.4 percent in 2009. The rates for Los Angeles County were also higher than the U.S. rates, which were 5.8 percent in 2008 and 9.3 percent in 2009. The increasing unemployment rate, and current rate in the California AA, reflects difficult economic conditions. Moody's Analytics revealed that the largest decline in employment occurred in the construction sector, followed by manufacturing. The struggling economy would presumably have a negative effect on a financial institution's ability to originate residential mortgages.

### ***Community Contacts***

A contact was made within the California AA to gain further insight into the credit needs of the area. The contact indicated there is a need for banks to work with homeowners facing foreclosure. According to the contact, the U.S. Treasury Department identified California as one of the top five hardest hit states in terms of foreclosures. The contact also indicated that public data shows that foreclosures have increased by 19 percent since 2009. The contact stated that foreclosure prevention, along with the need for more affordable housing, are significant areas of need.

### **Massachusetts Assessment Area**

OneUnited designated all of Suffolk County as its Massachusetts AA. Suffolk County consists of the entire City of Boston, along with the Cities of Chelsea, Revere, and the Town of Winthrop. Suffolk County is within the Boston-Quincy, MA MD #14484. The City of Boston contains the following sections: Boston, Allston, Brighton, Charlestown, Dorchester, East Boston, Hyde Park, Jamaica Plain, Mattapan, Roslindale, Roxbury, South Boston, and West Roxbury. The areas are all quite unique with respect to population demographics, income levels, employment opportunities, and housing stock and values. OneUnited's two Massachusetts branch locations are in Roxbury and Dorchester. Both are located in low-income census tracts. The following information highlights several relevant demographic and economic factors from the Massachusetts AA.

### ***Income***

Table 5 reflects the HUD-adjusted MFIs used to determine borrower income levels for the Boston-Quincy, MA MD for 2008 and 2009.

<b>Table 5 – Median Family Income Levels – Massachusetts</b>		
<b>Area</b>	<b>2008</b>	<b>2009</b>
Boston-Quincy, MA MD	\$79,500	\$83,900

### ***2000 U.S. Census Data***

According to the 2000 U.S. Census, the area has 176 census tracts, including 36 low-, 75 moderate-, 47 middle-, and 17 upper-income tracts, as well as 1 tract with no income information available (NA).

The area's population is 689,807. This population consists of 278,776 households, with 15.3 percent and 46.1 percent located within the low- and moderate-income census tracts, respectively. Further analysis of household data reveals that 36.7 percent are low-income and

18.3 percent are moderate-income. Households below the poverty level comprise 50.0 percent of all low-income households. A total of 18.4 percent of all households in the Massachusetts AA are below the poverty level.

Table 6 provides relevant housing information in the Massachusetts AA by income level of census tract.

<b>Table 6 – Selected Housing Characteristics by Income Category of the Geography (MA)</b>								
<b>Income Level of Census Tract</b>	<b>Percentage</b>					<b>Median</b>		
	<b>Households</b>	<b>Housing Units</b>	<b>Owner-Occupied</b>	<b>Rental Units</b>	<b>Vacant Units</b>	<b>Age</b>	<b>Home Value (\$)</b>	<b>Gross Rent (\$)</b>
<b>Low</b>	15.4	15.6	7.4	19.3	21.3	52	182,410	529
<b>Moderate</b>	46.1	45.8	42.1	48.2	39.0	51	178,959	797
<b>Middle</b>	26.2	26.0	35.7	21.4	22.2	55	211,614	865
<b>Upper</b>	12.3	12.6	14.8	11.1	17.5	61	336,629	1,171
<b>NA</b>	0.0	0.0	0.0	0.0	0.0	0	0	0
<b>Total or Median</b>	100.0%	100.0%	100.0%	100.0%	100.0%	54	209,837	801

*Source: 2000 U.S. Census*

The area consists of 292,520 housing units. Of this total, 32.3 percent are owner-occupied, 63.0 percent are rental units, and the remaining units are vacant. An analysis of the housing units by property type revealed that 59.3 percent are in 1-4 family dwellings, 40.5 percent are in multi-family dwellings, and the remaining units are mobile homes or other units. Within the low-income census tracts, 15.3 percent are owner-occupied and 78.3 percent are rental units, while 45.8 percent are in 1-4 family dwellings and 54.1 percent are in multi-family dwellings. In the moderate-income census tracts, 29.7 percent are owner-occupied and 66.3 percent are rental units, while 63.7 percent are in 1-4 family dwellings and 36.1 percent are in multi-family dwellings. While there are nearly twice as many rental units as owner-occupied units, it appears that Suffolk County provides the Bank with lending opportunities.

### ***Housing Prices***

According to 2000 U.S. Census data, the median housing value in the AA was \$209,837. However, this information is not reflective of the current real estate values in the Massachusetts AA. More recent data obtained from *The Warren Group* revealed that the median sales prices in 2008 and 2009 within Suffolk County were \$335,375 and \$305,000, respectively. The median sales price in 2010, through September, is \$325,000. While prices are slightly lower in 2010 than they were in 2008, the overall decline in home values is less than the California and Florida AAs. While the housing market in the Massachusetts AA appears to have maintained greater stability during the review period, prices remain relatively high. This information reveals potential challenges for financial institutions attempting to make home mortgage loans to low- and moderate-income applicants, as it would be difficult for these applicants to qualify for conventional home mortgage financing.

### ***Competition***

The Bank operates in a highly competitive environment for home mortgage loans in the Massachusetts AA. According to HMDA aggregate data, a total of 438 lenders originated or purchased at least one home mortgage loan in the Massachusetts AA in 2008. In 2009, 421 lenders originated or purchased at least one home mortgage loan in the Massachusetts AA. Competition includes national banks, regional banks, credit unions, mortgage companies, and numerous community banks. Many of these competitors are larger than OneUnited.

### ***Unemployment***

According to the Bureau of Labor Statistics, the unemployment rate for Suffolk County was 5.2 percent in 2008 and 8.1 percent in 2009. These figures are slightly lower than those for the State, which were 5.3 percent in 2008 and 8.5 percent in 2009, and lower than the U.S. rates, which were 5.8 percent in 2008 and 9.3 percent in 2009. The increasing unemployment rate in the Massachusetts AA reflects difficult economic conditions during the review period. However, the data suggest that economic conditions were not as difficult as in other parts of the State or Country. Moody's Analytics indicates the largest decline in employment occurred in the construction and financial service sectors. The economic conditions of the Massachusetts AA could negatively affect the ability of financial institutions to originate residential mortgages.

### ***Community Contacts***

A contact was made within the Massachusetts AA with a CDFI that provides a wide range of debt and equity products for low-income communities and individuals. These programs include both a loan and venture fund, new markets tax credits, foreclosure relief, sustainability initiatives, and civic leadership. The contact was generally satisfied with the financial institutions' involvement; however, issues of home foreclosures need to be addressed. In addition, financial institutions need to introduce programs that focus on providing credit to families with poor credit scores as a result of subprime loans. The program could act as a bridge for these individuals towards financial stability.

### **Florida Assessment Area**

OneUnited designated Miami-Dade and Broward counties as its Florida AA. These counties are contiguous. Although smaller than the California AA, the Florida area is still quite large. The area is located in the Miami-Miami Beach-Kendall, FL MD #33124 and the Fort Lauderdale-Pompano Beach-Deerfield, FL MD #22744, which are both within the Miami-Fort Lauderdale-Pompano Beach, FL MSA #33100. The following information highlights relevant demographic and economic factors.

### ***Income***

Table 7 reflects the HUD-adjusted MFIs for 2008 and 2009 used to determine borrower income levels.

<b>Table 7 – Median Family Income Levels – Florida</b>		
<b>Area</b>	<b>2008</b>	<b>2009</b>
Miami-Miami Beach-Kendall MD	\$49,200	\$50,800
Fort Lauderdale-Pompano Beach-Deerfield MD	\$64,000	\$65,400

### ***2000 U.S. Census Data***

The Florida AA consists of 626 census tracts, including 40 low-, 170 moderate-, 231 middle-, and 182 upper-income tracts, as well as 3 tracts with no available information (NA).

The area's population is 3,876,380. The area consists of 1,432,165 households, with 4.0 percent and 28.1 percent located within the low- and moderate-income census tracts, respectively. Further analysis reveals that 24.5 percent of households are low-income and 15.8 percent are moderate-income. Approximately 60.2 percent of the low-income households are below the poverty level. A total of 14.8 percent of all households are below the poverty level.

Table 8 provides relevant housing information in the Florida AA by income level of census tract.

<b>Table 8 – Selected Housing Characteristics by Income Category of the Geography (FL)</b>								
<b>Income Level of Census Tract</b>	<b>Percentage</b>					<b>Median</b>		
	<b>Households</b>	<b>Housing Units</b>	<b>Owner-Occupied</b>	<b>Rental Units</b>	<b>Vacant Units</b>	<b>Age</b>	<b>Home Value (\$)</b>	<b>Gross Rent (\$)</b>
<b>Low</b>	4.0	4.1	1.4	8.4	5.4	34	68,336	454
<b>Moderate</b>	28.1	28.0	21.8	39.0	26.9	32	81,822	610
<b>Middle</b>	39.3	39.0	41.5	35.5	36.3	27	105,722	755
<b>Upper</b>	28.6	28.9	35.3	17.1	31.4	20	188,904	931
<b>Total or Median</b>	100.0%	100.0%	100.0%	100.0%	100.0%	25	134,532	704

Source: 2000 U.S. Census

The area contains 1,593,321 housing units. Of this total, 56.7 percent are owner-occupied, 33.1 percent are rental units, and the remaining 10.2 percent are vacant. An analysis of housing units by property type revealed that 57.6 percent are in 1-4 family dwellings, 39.6 percent are in multi-family buildings, and the remaining units are mobile homes or other units.

An analysis of housing units by location indicates that 4.1 percent are in low-income tracts and 28.1 percent are in moderate-income tracts. Within the low-income census tracts, 19.6 percent are owner-occupied and 67.2 percent are rental units, while 53.3 percent are in 1-4 family dwellings and 44.9 percent are in multi-family dwellings. In the moderate-income census tracts, 44.1 percent are owner-occupied and 46.1 percent are rental units, while 47.3 percent are in 1-4 family dwellings and 48.2 percent are in multi-family dwellings. Similar to the other two AAs, it appears that the Florida AA provides the Bank with sufficient lending opportunities.

### ***Housing Prices***

According to the 2000 U.S. Census, the median housing value in the AA was \$134,532. Data obtained from the *Florida Association of Realtors* identified more recent information. Median sales prices for single family homes and condominiums were reported separately. Information for both property types are provided due to the even distribution of single family and condo sales within the Florida AA. In 2008, the median sales prices in Miami-Dade County for single family homes and condominiums were \$276,600 and \$239,400, respectively. The median sales prices in Broward County were \$278,000 for single family homes and \$132,900 for condominiums. Prices decreased significantly in both counties in 2009, as the median sales prices in Miami-Dade County were \$195,300 and \$142,500, while median sales prices in Broward County were \$205,700 and \$82,600 for single family homes and condominiums, respectively. The significant decline in home values during the review period illustrates the difficult housing market conditions. While these values appear more affordable in comparison to the other areas, even at these prices, a low- or moderate-income applicant may have difficulty qualifying for conventional financing. Nonetheless, the number of single family and condominium sales in the Florida AA increased from 2008 to 2009 according to the *Florida Association of Realtors*.

### ***Competition***

The Bank operates in a highly competitive environment for home mortgage loans in the Florida AA. According to aggregate data, a total of 727 lenders originated or purchased at least one home mortgage loan in the Florida AA in 2008. In 2009, 673 lenders originated or purchased at least one home mortgage loan in the Florida AA. Competition includes large national and regional banks, credit unions, mortgage companies, and community banks. Again, many of these competitors are larger than OneUnited.

### ***Unemployment***

In Miami-Dade County, the unemployment rate, according to the Bureau of Labor Statistics, was 6.5 percent in 2008 and 10.7 percent in 2009. In Broward County, the unemployment rate was 5.4 percent in 2008 and 9.2 percent in 2009. The rates for both counties generally correspond with the State, which had a 6.3 percent unemployment rate in 2008 and 10.5 percent in 2009, while the U.S. rates were 5.8 percent in 2008 and 10.5 percent in 2009. The increasing unemployment rates imply worsening economic conditions, which would likely translate to a downward trend in home mortgage origination activity from 2008 to 2009. However, as noted earlier in this section, home sales increased in the Florida AA from 2008 to 2009 according to the *Florida Association of Realtors*.

### ***Community Contacts***

A community contact was made with an organization that provides affordable housing and support services to low-income individuals and families in the Florida AA. The contact indicated that there is tremendous need for affordable housing in South Florida. The high number of foreclosures in the area has greatly increased. The contact stated that while there has been minimal demand in recent years for home financing for low-income borrowers, the reduction in home values has started to allow lower-income households the opportunity for homeownership. The contact indicated that the need for home mortgage products, with flexible underwriting criteria, will likely increase. However, the contact indicated that the most pressing current need is the development of affordable housing units.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:**

### **OVERALL PERFORMANCE**

#### **LENDING TEST**

The Lending Test evaluates the Bank's activities under five performance criteria: (1) Loan-to-Deposit Analysis; (2) Comparison of Credit Extended Inside and Outside the Assessment Areas; (3) Geographic Distribution of Credit Inside the Assessment Areas; (4) Distribution of Credit Inside the Assessment Areas by Borrower Income; and (5) Response to CRA-related Complaints.

OneUnited's overall performance with respect to the Lending Test is rated Needs to Improve. The following sections summarize the data that was reviewed and the conclusions that were reached regarding the Bank's overall performance under each criterion.

#### ***LOAN-TO-DEPOSIT ANALYSIS***

OneUnited's average quarterly net LTD ratio since the last FDIC examination is 105.3 percent. The ratio declined dramatically as of March 31, 2008 due to a large increase in total deposits; however, the ratio increased steadily beginning June 30, 2008 through the rest of the review period. The increasing trend resulted from a consistent drop in total deposits, as OneUnited decreased rates on its internet savings accounts. Total loans also declined during the evaluation period, but at a less rapid pace than total deposits. Variations in the LTD ratio were also influenced by the Bank's efforts to improve its capital position in order to comply with the Order. Since the previous evaluation, the LTD ratio ranged from 83.6 percent as of June 30, 2008 to 123.9 percent as of June 30, 2007. While the increasing trend is not attributed to lending growth, the overall LTD is reasonable.

A comparison to LTD ratios of similarly situated institutions was not feasible due to OneUnited's multi-state structure, asset size, and multi-family lending focus. There were no similarly situated institutions based on these factors.

Further analysis of the Bank's LTD ratio was also performed by State, as the CRA measures an institution's ability to serve the credit needs of all its AAs. Table 9 reveals OneUnited's deposit and lending activity by State as of June 30, 2010.

<b>Table 9 – Assessment Area LTD Analysis</b>			
<b>Assessment Area*</b>	<b>Total Loans \$(000)</b>	<b>Total Deposits \$(000)</b>	<b>LTD Ratio</b>
California	269,979	220,751	122.3%
Massachusetts	27,096	34,139	79.4%
Florida	24,838	18,347	135.4%

\* Table 9 data was obtained from OneUnited as of 06/30/2010. The loan data is by state only, and not assessment area.

The data indicates that the Bank's lending activities are heavily concentrated in California, and that the ratios are reasonable in all three States. The Florida LTD ratio increased significantly during the review period; however, the improvement was greatly influenced by the loss of a large municipal deposit in 2009. Overall, the Bank's LTD ratio is considered reasonable.

## ***LENDING INSIDE THE ASSESSMENT AREA***

Table 10 illustrates the distribution of home mortgage loans originated by number and dollar amount, inside and outside the Bank's AAs. Table 10 displays the lending activity inside and outside each respective area, but inside the same State.

<b>Table 10 – Distribution of Loans Inside and Outside of the Assessment Areas (AAs)</b>										
<b>Loan Category or Type</b>	<b>Number of Loans</b>					<b>Dollars in Loans (000s)</b>				
	<b>Inside</b>		<b>Outside(*)</b>		<b>Total</b>	<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage (California AA)										
2008	18	100.0	0	0.0	18	4,846	100.0	0	0.0	4,846
2009	20	95.2	1	4.8	21	4,741	97.5	120	2.5	4,861
YTD 2010	17	89.5	2	10.5	19	9,547	72.3	3,665	27.7	13,212
<b>Subtotal California</b>	<b>55</b>	<b>94.8</b>	<b>3</b>	<b>5.2</b>	<b>58</b>	<b>19,134</b>	<b>83.5</b>	<b>3,785</b>	<b>16.5</b>	<b>22,919</b>
Home Mortgage (Massachusetts AA)										
2008	2	100.0	0	0.0	2	660	100.0	0	0.0	660
2009	0	0.0	0	0.0	0	0	0.0	0	0.0	0
YTD 2010	3	100.0	0	0.0	3	1,911	100.0	0	0.0	1,911
<b>Subtotal Massachusetts</b>	<b>5</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>5</b>	<b>2,571</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>2,571</b>
Home Mortgage (Florida AA)										
2008	2	100.0	0	0.0	2	313	100.0	0	0.0	313
2009	0	0.0	0	0.0	0	0	0.0	0	0.0	0
YTD 2010	1	100.0	0	0.0	1	106	100.0	0	0.0	106
<b>Subtotal Florida</b>	<b>3</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>3</b>	<b>419</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>419</b>
<b>Total</b>	<b>63</b>	<b>95.5</b>	<b>3</b>	<b>4.5</b>	<b>66</b>	<b>22,124</b>	<b>85.4</b>	<b>3,785</b>	<b>14.6</b>	<b>25,909</b>

Source: HMDA LAR (2008, 2009, and 2010)

\*Represents loans originated inside the same state, but outside the respective assessment area.

OneUnited originated a majority of its loans, both in number (95.5 percent) and dollar amount (85.4 percent), within its AAs. Despite these percentages, the Bank's minimal lending activity, especially in the Massachusetts and Florida areas, negatively affected the institution's rating under this criterion. The Bank's level of lending during the review period was not commensurate with an institution of OneUnited's asset size. Furthermore, less consideration is given to the concentration of loans inside the Bank's AAs due to the expansive size of each AA relative to OneUnited's branch structure.

As indicated in Table 10, the Bank did not make any loans in the Massachusetts or Florida AAs in 2009, and lending in these areas during the entire review period was extremely low. Although a substantial portion of the Bank's lending activity occurred in the California AA, the volume of loans in California is low for an institution of OneUnited's asset size and business focus, considering a large portion of its banking activities occur in California. The limited amount of resources devoted to loan production during a substantial portion of the review period significantly affected OneUnited's lending activity. The Bank did not hire a Chief Lending Officer until December 2009. The lack of sufficient lending resources and staff prior to December 2009 appreciably diminished OneUnited's lending activity bank-wide.

OneUnited management attributed difficult economic conditions and the collapse of the housing market as the primary factors that contributed to the institution's limited lending activity. While economic conditions and the housing market presented challenges to home mortgage lenders during the review period, a review of aggregate data from 2008 and 2009 revealed sufficient opportunities to make home mortgage loans in each AA. In the California AA, 755 lenders originated or purchased 217,352 home mortgage loans in 2008, and 749 lenders made 303,742 home mortgage loans in 2009. In the Massachusetts AA, 438 lenders originated or purchased 20,085 loans in 2008, and 421 lenders made 27,360 loans in 2009. In the Florida AA, 727 lenders originated or purchased 96,824 loans in 2008, and 673 lenders made 79,179 loans in 2009. While these figures indicate a highly competitive lending environment, the numbers also illustrate that opportunities existed to make home mortgage loans.

Bank management also referenced the Order as a cause for the low level of lending. While acknowledged that complying with the Order likely required significant attention and resources, the Order did not place any constraints on lending activity, and as a result, does not significantly mitigate OneUnited's lending activity during the review period.

OneUnited originated only one small business loan during the review period. This loan was originated in 2010. Given the lack of lending, the institution's small business lending performance does not warrant any consideration under the Lending Test.

While the Bank originated several CDLs (discussed within the Community Development Test), only one CDL was made in the Massachusetts AA and one in the Florida AA. Although the majority of these loans were made in the California AA, all but one of the CDLs in California was a multi-family loan secured by a property that provided affordable housing. These loans were also reported under HMDA and have been considered under the Lending Test. The one CDL not previously considered under the Lending Test was originated at the beginning of the evaluation period in 2007. The Bank's community development lending activity does not enhance OneUnited's overall rating under this criterion.

Despite the percentage of loans within the Bank's AAs, the limited number of loans in each area, especially in Massachusetts and Florida, supports the finding that OneUnited is not meeting the credit needs of its AAs. Overall, the Bank's performance does not meet the standards for satisfactory performance under this performance criterion.

## ***GEOGRAPHIC DISTRIBUTION***

The Bank's lending distribution was analyzed to determine the dispersion of loans among the geographies that comprise the Bank's AAs. The focus under this criterion is the Bank's lending within low- and moderate-income census tracts. Similar to the previous criterion, the Bank's limited lending activity negatively affected the institution's overall performance under this criterion. While OneUnited's HMDA loans, by percentage, appear reasonable, the actual number of loans is considered poor and very poor in Massachusetts and Florida, respectively. With only three home mortgage loans originated during the review period in the Florida AA, including two loans in moderate-income tracts, a meaningful analysis regarding the distribution of loans was not feasible. OneUnited originated only five home mortgage loans in the Massachusetts AA during the review period. While four of these loans were originated in low- or moderate-income tracts, the volume was too low to arrive at any meaningful conclusions. The distribution of the Bank's HMDA loans in the California AA was reasonable; however, the loan

volume is too low to substantially influence the rating under this criterion, given the asset size of the institution. Furthermore, the Bank penetrated a substantially low percentage of census tracts within its AAs, including low- and moderate-income tracts. This lack of penetration throughout these areas also negatively influenced the rating.

OneUnited's 2008 and 2009 HMDA-reportable loans were reviewed to determine the extent that the low- and moderate-income census tracts are being served. Table 11 illustrates the Bank's performance in the California AA, which accounts for a substantial portion of the Bank's total loans. As discussed previously, a meaningful analysis of the Bank's performance in the Massachusetts and Florida AAs was not feasible and would prove to be inconclusive due to the limited number of loans originated in these areas.

<b>Table 11 – Distribution of HMDA Loans by Income Category of the Census Tract California Assessment Area</b>									
<b>Census Tract Income Level</b>	<b>% of Total Housing Units</b>	<b>2008 Aggregate Lending Data</b>	<b>2008 Bank Data</b>		<b>2009 Aggregate Lending Data</b>	<b>2009 Bank Data</b>		<b>Bank Total</b>	
		<b>% of #</b>	<b>#</b>	<b>%</b>	<b>% of #</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	7.3	3.2	1	5.5	1.8	1	5.0	2	5.3
<b>Moderate</b>	25.8	18.4	5	27.8	12.7	6	30.0	11	28.9
<b>Middle</b>	30.0	31.9	3	16.7	28.2	9	45.0	12	31.6
<b>Upper</b>	36.9	46.3	9	50.0	57.1	4	20.0	13	34.2
<b>\$0/NA</b>	0.0	0.2	0	0.0	0.2	0	0.0	0	0.0
<b>Total*</b>	<b>100.0</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>

*Source: 2000 U.S. Census, 2008 and 2009 HMDA LARs, 2008 and 2009 HMDA Aggregate Data*

While the distribution of the Bank's lending activity compares favorably to the aggregate in the low- and moderate-income tracts in both years, OneUnited's performance is tempered by the low level of lending. Although the percentage of loans made in the area's low-income tracts exceeded the aggregate percentage, limited weight is given to this comparison, as the Bank made only one such loan in each year. The Bank's performance also exceeded the aggregate percentage in the area's moderate-income tracts. Again, this performance carries little weight given the number of loans actually originated. The effect on the overall rating is moderate given the Bank's limited lending activity.

A review of the Bank's lending activity in YTD 2010 reveals progress in volume and in the low- and moderate-income tracts in the California AA. Of the 17 home mortgage loans in 2010, 4 were made in low- and 8 were made in moderate-income tracts. The additional lending staff hired in late 2009 and early 2010 was the primary factor in the positive trend. While the 2010 performance is positive, it does not offset the considerably low level of overall lending that occurred in 2008 and 2009.

As indicated previously, of the five loans originated by the Bank during the review period in the Massachusetts AA, one was in a low-income tract and three were in moderate-income tracts. Two of the three loans originated in the Florida AA during the review period were in moderate-income tracts. Despite the fact that a majority of these loans were in moderate-income census tracts, the performance does not outweigh the low volume of loans.

The Bank's lending performance in each AA was impacted by the level of competition and declining economic conditions. While economic conditions presented challenges to lend in low- and moderate-income tracts, a review of aggregate data from 2008 and 2009 revealed that lending opportunities existed. In the California AA, in 2008, the aggregate market originated or purchased 6,981 loans in low- and 39,900 loans in moderate-income tracts. In 2009, the aggregate market originated or purchased 5,390 loans in low- and 38,625 loans in moderate-income census tracts. In 2008, the Bank was ranked 233<sup>rd</sup> in lending to low-income tracts and 246<sup>th</sup> in lending to moderate-income tracts in the California AA. In 2009, the Bank was ranked 197<sup>th</sup> in low-income tracts and 211<sup>th</sup> in moderate-income tracts. While many lenders ranking higher than OneUnited are large national or regional financial institutions, the Bank's performance was not commensurate with an institution of its size and business focus.

An analysis of the Bank's market share of low- and moderate-income tract lending in the California AA provided further insight into OneUnited's performance under this criterion. In 2008, the Bank's lending represented a 0.01 percent market share of low-income tract lending, and 0.01 percent of moderate-income tract lending. The Bank's market share was 0.02 percent in both the low- and moderate-income tracts in 2009. This performance was a substantial decline from the Bank's market share performance in low- and moderate-tracts at the previous evaluation. In 2006, the Bank's lending represented a 0.13 percent of low-income tract lending and 0.06 percent of moderate-income tract lending in the California AA. This data further substantiates the Bank's poor performance under this criterion during the current review period.

In the Massachusetts AA, the aggregate market originated or purchased 1,986 loans in low- and 7,806 loans in moderate-income tracts in 2008. In 2009, 2,323 loans were made in low- and 9,331 in moderate-income tracts. In the Florida AA, the aggregate market originated or purchased 3,053 loans in low- and 18,803 loans in moderate-income tracts in 2008, and 1,504 loans in low- and 12,102 loans in moderate-income tracts in 2009. These figures reveal that opportunities to make home mortgage loans in low- and moderate-income tracts existed in these AAs.

As indicated previously, the overall performance is negatively impacted by the very low percentage of census tracts penetrated by OneUnited in each AA. During the entire review period, the Bank made a home mortgage loan in 46 (2.2 percent) of the 2,054 geographies in the California AA, 4 (2.3 percent) of the 176 geographies in the Massachusetts AA, and 3 (0.5 percent) of the 626 geographies in the Florida AA. While the CRA does not require a bank to lend in all geographies within its AA, the percentage of tracts penetrated by OneUnited does not reflect satisfactory performance given the Bank's asset size, business focus, and AA performance context.

### ***BORROWER CHARACTERISTICS***

This performance criterion analyzes lending to borrowers of different income levels, with a focus on low- and moderate-income borrowers. For residential mortgages, borrower incomes are compared to HUD's adjusted MFI figures for the year in which the loan was granted. The low-, moderate-, middle-, and upper-income categories are based on designated percentages of the MFI for the respective MD. It should be noted that since OneUnited originates a fair number of multi-family loans and the information reported for these loans does not typically include borrower incomes (per HMDA reporting requirements), the assessment of the Bank's overall performance under this criterion is generally limited to loans secured by 1-4 family dwellings.

The Bank's overall performance under this criterion is considered poor based on the low volume of lending during the review period. The Bank originated only three loans to low-income borrowers and four loans to moderate-income borrowers in all AAs during the review period, with no loans to low- or moderate-income borrowers in the Florida AA. While the Bank's lending activity increased slightly in YTD 2010, there have been no loans to low- or moderate-income borrowers during that time period.

Table 12 reflects the Bank's 2008 and 2009 percentages to low-, moderate-, middle-, and upper-income applicants for home mortgage loans in the California AA. The volume of loans in the Massachusetts and Florida AAs is not sufficient to perform a meaningful analysis.

<b>Table 12 – Distribution of HMDA Loans by Borrower Income California Assessment Area</b>									
<b>Borrower Income Level</b>	<b>% of Total Households</b>	<b>2008 Aggregate Lending Data</b>	<b>2008 Bank Data</b>		<b>2009 Aggregate Lending Data</b>	<b>2009 Bank Data</b>		<b>Bank Total</b>	
		<b>% of #</b>	<b>#</b>	<b>%</b>	<b>% of #</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	24.6	1.2	0	0.0	2.9	2	10.0	2	5.3
<b>Moderate</b>	15.7	5.9	2	11.1	8.4	2	10.0	4	10.5
<b>Middle</b>	17.1	15.2	3	16.7	17.4	2	10.0	5	13.2
<b>Upper</b>	42.6	53.9	11	61.1	57.0	4	20.0	15	39.4
<b>\$0/NA</b>	--	23.8	2	11.1	14.3	10	50.0	12	31.6
<b>Total*</b>	<b>100.0</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>38</b>	<b>100.0</b>

*Source: 2000 U.S. Census, 2008 and 2009 HMDA LARs, 2008 and 2009 HMDA Aggregate Data*

As reflected in Table 12, the Bank originated two loans to low-income borrowers in the California AA, both of which were in 2009. The Bank made two loans in each year to moderate-income borrowers. While the overall percentage of loans to low- and moderate-income borrowers is reasonable, limited weight is given to these percentages due to the low volume of loans. A review of OUB's lending activity in the California AA for YTD 2010 revealed that none of the 17 loans were made to low- or moderate-income borrowers. It should be noted that a number of loans originated in 2010 were multi-family loans that were considered under the Community Development Test and are further discussed later in this document. The rent rolls for these multi-family loans were analyzed, and it was determined that the vast majority of the rental units are considered affordable housing.

In the Massachusetts AA, one of the five loans originated by the Bank during the review period was to a low-income borrower, two were made to upper-income borrowers, and two to borrowers with no income reported. In the Florida AA, none of the three loans originated by OneUnited during the review period were to low- or moderate-income borrowers; two were to middle-income and one was to an upper-income borrower. These figures reflect a poor performance during the review period based on both the low volume of loans and the fact that only one low- or moderate-income borrower was served in the Massachusetts AA and none were served in the Florida AA.

The Bank's lending performance in each AA was affected by the level of competition, difficult economic conditions, and the high percentage of households below the poverty level. 2000 U.S. Census data indicates that 24.7 percent of households in the California AA are low-income, and 61.3 percent of all low-income households in the area are below the poverty level. This data suggests some limitations, as these individuals would likely not qualify for a conventional mortgage considering the median sales prices of homes in the California AA during the review period.

While poverty rates, home prices, and economic conditions presented challenges to lend to low- and moderate-income individuals, a review of aggregate data from 2008 and 2009 revealed opportunities to make loans to these individuals. In the California AA in 2008, the aggregate market made, or purchased, 2,691 loans to low- and 12,694 loans to moderate-income borrowers. In 2009, the aggregate market originated, or purchased, 8,640 loans to low- and 25,577 loans to moderate-income borrowers. In 2008, the Bank was ranked 240<sup>th</sup> in lending to moderate-income borrowers in the California AA. The Bank did not lend to any low-income borrowers in the California AA in 2008. In 2009, the Bank was ranked 185<sup>th</sup> in lending to low-income borrowers and 256<sup>th</sup> to moderate-income borrowers. While many lenders ranking higher than OneUnited are large national or regional financial institutions, the Bank's performance was not commensurate with an institution of OneUnited's size and business focus and is considered less than reasonable.

In the Massachusetts AA, the aggregate market originated or purchased 757 loans to low- and 3,291 loans to moderate-income borrowers in 2008. In 2009, 1,233 loans were made to low- and 4,816 to moderate-income borrowers. In the Florida AA, the aggregate market made 2,136 loans to low- and 9,131 loans to moderate-income borrowers in 2008 and 3,085 loans to low- and 9,794 loans to moderate-income borrowers in 2009. This data suggests that opportunities to originate home mortgage loans to low- and moderate-income borrowers existed in these AAs.

Based on the borrower income data available, the distribution of OneUnited's HMDA loans within the California AA reflects reasonable penetration among borrowers of different income levels. However, the overall lack of loan originations in all AAs, especially the Massachusetts and Florida areas, weakened the Bank's performance. As a result, OneUnited's overall performance under this criterion is considered poor.

### ***RESPONSE TO CRA RELATED COMPLAINTS***

There were two CRA-related complaints during the review period pertaining to the Bank's CRA performance in the Florida AA. One was received in 2007 and the second was received in 2010. The 2007 complaint urged the institution to allocate additional resources to its banking activities and to make concerted efforts to meet affordable housing needs in the Florida AA.

The 2010 complaint commented on the Bank's application to close its branch office located in Lauderdale Lakes, Florida. The complaint asserted that OneUnited should only be allowed to close this branch office if it submits a comprehensive CRA Plan to improve its CRA performance. As of the start date of this evaluation, OneUnited had not yet responded to the most recent complaint. The Bank subsequently provided a copy of its response letter dated November 17, 2010.

Based on the Substantial Noncompliance rating for the State of Florida at the current evaluation, the Bank has not taken appropriate action in response to its performance in helping to meet the needs of its AAs. The Bank's record of responding to CRA-related complaints was inadequate and negatively impacted the overall rating under the Lending Test.

#### ***COMPLIANCE WITH ANTIDISCRIMINATION LAWS***

The Bank's compliance with fair lending regulations was reviewed. Violations of the Federal Reserve Board's Regulation B – Equal Credit Opportunity (ECOA) were identified during the concurrent compliance examination of the Bank; however, the Bank's overall CRA rating was not negatively impacted.

## **COMMUNITY DEVELOPMENT TEST**

This test evaluates the Bank's community development lending, investment, and service activities.

**Community development** means:

- Affordable housing (including multi-family rental housing) for low- or moderate-income individuals;
- Community services targeted to low- or moderate-income individuals;
- Activities that promote economic development by financing small businesses or small farms (GARs of \$1 million or less)
- Activities that revitalize or stabilize low- or moderate-income geographies.
- Activities serving distressed or underserved rural areas.
- Activities that revitalize or stabilize designated disaster areas.

**Community development loan (CDL)** is a loan that:

- Has as its primary purpose **community development**; and
- Except in the case of a wholesale or limited purpose bank:
  - Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family dwelling loan; and
  - Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

**Qualified investment** is a lawful investment, deposit, membership share, or grant that has as its primary purpose **community development**.

**Community development service** is a service that:

- Has as its primary purpose community development;
- Is related to the provision of financial services; and
- Has not been considered in the evaluation of the bank's retail banking services under §345.24(d).

OneUnited's overall performance with respect to the Community Development Test is rated Needs to Improve.

The institution's community development performance demonstrates poor responsiveness to the community development needs of the AAs through CDLs, qualified investments, and community development services, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's AAs. The following sections summarize the data that was reviewed and the conclusions that were reached regarding the Bank's community development lending, qualified investments, and community development services.

## ***COMMUNITY DEVELOPMENT LENDING***

The Bank historically originated a high number of CDLs, particularly in the California AA. During previous evaluation periods, the Bank's focus on multi-family lending resulted in the origination of a substantial number of mortgages secured by multi-family dwellings that helped provide affordable rental housing to residents of their AAs. However, due to reduced staffing in the institution's lending area and difficult economic conditions, the Bank's level of community development lending during the review period declined significantly since the previous evaluation. While OneUnited originated an adequate level of CDLs in the California AA, the Bank originated only one CDL in the Massachusetts AA and one in the Florida AA. Furthermore, a substantial portion of CDLs in the California AA were originated in 2010. The significant void in community development lending in 2008 and 2009 corresponds with the time period in which the Bank operated with a minimally staffed lending area. The improved performance in 2010 corresponds with the addition of a Chief Lending Officer, as well as other personnel devoted to loan production.

The vast majority of qualified CDLs are mortgages secured by multi-family dwellings that provided affordable rental housing to residents of OneUnited's California AA. The Bank also originated two loans that had community development purposes targeted to low- and moderate-income individuals. Despite the adequate level of community development lending in the California AA, the Bank's overall level of community development lending is considered less than adequate based on the limited activity in the Florida and Massachusetts AAs, as well as the limited number of CDLs originated prior to 2010.

### **Multi-family Loans – Affordable Housing**

In 2007, the Bank originated only one CDL (California AA), totaling \$216,500, that provided affordable rental housing. In 2008, OneUnited originated only one CDL (Massachusetts AA), totaling \$600,000, that provided affordable rental housing. In 2009, the Bank again originated only one CDL (California AA), totaling \$350,000, that provided affordable rental housing.

The Bank's CDL activity increased in 2010. Again, the improvement is attributed to the addition of a Chief Lending Officer, as well as personnel devoted to business development. OneUnited originated 20 CDLs that provided affordable rental housing, totaling \$16.6 million. All of these loans were originated in California; however, 18 were made within the California AA, representing \$12.9 million. No CDLs were made within the Massachusetts or Florida AAs in 2010.

At the previous evaluation, the Bank made 224 multi-family loans totaling \$229 million that were considered qualified CDLs. Over 95.0 percent of those loans were made in California. Despite the increase in multi-family CDLs in 2010, the Bank's CDL activity during the current review period declined by approximately 90 percent since the previous evaluation.

### **Other Community Development Loans**

The Bank made two other CDLs within its AAs to nonprofit organizations with expressed missions of providing community services to low- and moderate-income individuals. Each of these loans was originated in a low-income census tract. Both loans were originated in 2007; one within the California AA totaling \$600,000, and the other within the Florida AA totaling approximately \$4.1 million. OneUnited did not originate any other loans in Massachusetts. Brief summaries of these two loans are provided below.

- OneUnited Bank originated a \$600,000 loan to an organization in Los Angeles for purposes of renovating work training stations at its facility. The organization provides job training for under-skilled, entry level workers. These services are targeted towards low-income individuals.
- The Bank extended a \$4.1 million line of credit to a religious organization to construct a multi-purpose center in Fort Lauderdale, Florida referred to as a “Family Life/Assembly Hall.” The organization’s mission includes outreach to the poor, homeless, jobless, imprisoned, and elderly. As indicated previously, the hall was constructed in a low-income census tract.

The Bank’s CDL performance is less than adequate given the institution’s capacity and the need and availability of community development lending opportunities. The community development lending activity in the Massachusetts and Florida AAs is poor based on the limited number of loans. The volume of CDLs in the California AA, while adequate, was not sufficient enough to consider the Bank’s overall community development lending performance to be adequate, especially considering the significant decline in CDLs in the California AA as compared to the previous evaluation.

## ***QUALIFIED INVESTMENTS***

### **Qualified Equity Investments**

During the evaluation period, the Bank made only one equity investment in California totaling \$15,000. The California Economic Development Lending Initiative is a multi-bank community development corporation (CDC) established to make loans to small businesses and community economic development organizations throughout the State. The organization’s mission is to create jobs by providing financing to small businesses and community economic development activities that fall outside of normal bank lending practices.

The Bank also acquired three CDs at three separate CDFIs, totaling \$300,007. Two of the CDs, totaling \$200,378 where at CDFIs located outside of the Bank’s AAs, and one CD was in the Florida AA (federal credit union), in the amount of \$99,629.

### **Qualified Donations/Grants**

For the evaluation period, OneUnited made only \$34,800 in qualified donations. By year, these amounts are \$10,075 for three quarters of 2007, \$2,900 in 2008, \$13,350 in 2009, and \$8,475 in 2010. The 2009 donations represent 0.53 percent of the Bank’s pre-tax net income. Although the review included the full calendar year 2008, no comparison was made to the Bank’s income because OneUnited reported a loss for that year. The following list highlights the recipients of the more significant qualified donations provided by OneUnited Bank.

- Rosie’s Place (Massachusetts) – Rosie’s Place offers a sanctuary for poor and homeless women and offers emergency and long term assistance to women who have nowhere else to turn. Rosie’s Place evolved from providing meals and shelter to creating permanent solutions through advocacy, education, and affordable housing.

- Home for Little Wanderers (Massachusetts) – This nationally renowned, private, non-profit child and family service agency has been part of the Massachusetts landscape for over 200 years, making it the oldest agency of its kind in the nation. Originally founded as an orphanage, today the Home plays a leadership role in delivering services to thousands of children and families each year through a system of residential, community-based, and prevention programs, direct care services, and advocacy. The majority of the program recipients are low- or moderate-income.
- Mother Caroline Academy and Education Center (Massachusetts) – This private, multi-cultural middle school serves 60 young girls of limited financial means from Boston's inner city. The school's mission is to provide a rigorous education in a nurturing environment. The school emphasizes the importance of scholarship, leadership, and moral and religious development. The majority of the students are low- or moderate-income.
- Project RIGHT (Massachusetts) – Project Rebuild and Improve Grove Hall Together (RIGHT) is a collaboration of groups in the Grove Hall area that came together in 1991 to prevent crime and violence within the community. The mission of Project Right is to strengthen and coordinate existing services and programs within the community and for its residents. The area consists of low- and moderate-income tracts and benefits the area's low- and moderate-income population. The group strives to revitalize and stabilize the area.
- Union Rescue Mission (California) – This non-profit organization is dedicated to serving men, women, and children experiencing homelessness. It is one of the largest rescue missions of its kind and the oldest in Los Angeles. The organization provides a comprehensive array of emergency and long-term services including food, shelter, clothing, medical and dental care, recovery programs, transitional housing, legal assistance and job training.
- Crystal Stairs (California) – One of the largest private, non-profit child care and child development agencies in the State. The mission is to improve the lives of families through child care services, research, and advocacy. The programs serve children with special needs. The enrollment includes low- and moderate-income families. The organization offers free/low cost health insurance programs, community-based child care advocacy and child care services and subsidy programs for low-income families.
- Camillus House (Florida) – Camillus House is a non-profit organization that provides humanitarian services to men, women, and children who are poor and homeless. The organization offers services that include food, shelter, housing, and health care.
- Collective Banking Group (Florida) – This organization is a partnership between religious leaders in the Black community and financial institutions working to bring about economic empowerment, wealth building, and consumer education to the communities they serve. The group does this by offering parishioners of member churches FTHB counseling and financial assistance. The group also provides technical assistance to member churches and CDCs in the preparation of loan proposals, and guidance to CDCs and 501c(3)s to prepare grant proposals. The group also provides assistance with financial literacy, consumer advocacy, and public policy.

Overall, the Bank's level of qualified investments is very limited.

## **COMMUNITY DEVELOPMENT SERVICES**

### *Provision of Financial Services to Low- and Moderate-Income Individuals*

Through its branch network, the Bank provides financial services to residents in low- and moderate-income areas. In Massachusetts, both the Roxbury and Dorchester branches are located in low-income census tracts. The Dorchester branch is located in a low-income census tract, and was opened during the evaluation period. In California, the Stocker branch is in a low-income census tract and the Compton and Pasadena branches are in moderate-income census tracts. In Florida, both the Miami and Lauderdale Lakes branches are in moderate-income census tracts. All branches in low- and moderate-income areas offer Saturday hours and are open until 6:00 p.m. one day per week except for the Roxbury branch, which is not open late and does not have Saturday hours; additionally, the Lauderdale Lakes branch does not have Saturday hours. The Bank's full range of retail and commercial deposit and credit products are available at all locations; however, the downtown Boston location (100 Franklin Street) only conducts non-cash transactions for customers.

In addition to providing services through its branch network, OneUnited offers customers internet banking through the UNITY internet savings account.

### *Financial Education*

OneUnited Bank responded to the financial education needs of its AAs by offering or participating in various seminars and financial literacy workshops in partnership with local churches, retirement organizations, and other non-profit organizations.

The Bank made several presentations in California and Massachusetts discussing the availability of affordable real estate, financing, and FDIC insurance. Additionally, the Bank made two financial literacy presentations to retirement groups in the California AA.

In 2009, the Bank participated in a career day program at a high school and elementary school within the California AA and taught school children the basics of banking.

In 2009, the Bank, in conjunction with Links, Inc., created a financial literacy program to deliver the *Gift of Money* Workshop to schools and youth organizations in low- and moderate-income communities in the Massachusetts AA. The Workshop consists of four modules: the Psychology of Money, Budgeting, Savings, Planning for College, and Credit. After the initial launch, the *Gift of Money* was taught at two other area schools in Massachusetts in the spring of 2010.

OneUnited hosted a number of FDIC Money Smart workshops in the summer of 2008. The first workshop focused on credit: reading and understanding credit and credit reports, building and repairing one's credit history, credit scoring, and why it's important to have good credit. Four of these workshops were held in California, two in Florida, and one was held in Massachusetts. The second Money Smart workshop focused on checking accounts: identifying the benefits of having an account, how to open one, common transactions, balancing an account, and the responsibilities that come with having one. Like before, four were conducted in California, two in Florida, and one in Massachusetts.

The Bank also makes information about the FDIC's *Money Smart* program available on their website and encourages organizations to request that OneUnited sponsor Money Smart Workshops for their members. The Bank also encourages visitors of its website to check out the free available financial information from government agencies like the FDIC or the Federal Reserve Bank. OneUnited also provided links to the Federal Reserve on building wealth and understanding the mortgage process and fair lending.

#### *Contribution of Financial Expertise to Community Organizations*

The Bank, through its employees and management, volunteers time and financial expertise to several community organizations. The following is a summary of the Bank's involvement.

- **National Bankers Association** (National) – An officer of OneUnited serves as Chairman of this organization, which serves as an advocate for the nation's minority- and women-owned banks on legislative and regulatory matters concerning and affecting its members and the communities they serve.
- **Community Development Bankers Association** (National) – An officer of OneUnited serves as Secretary and on the Board of this organization, whose mission is to facilitate economic revitalization and to educate the financial services industry, socially motivated investors, and CDFIs regarding the credit and financial service needs in disinvested low-income communities.
- **Mother Caroline Academy** (Massachusetts) – A member of senior management serves on the Board and on the Finance Committee of this organization. This private multicultural middle school serves 60 young girls of limited financial means from Boston's inner city. The school's mission is to provide a rigorous education in a nurturing environment. The majority of the students are low- or moderate-income.
- **Links, Inc** (National/Massachusetts) – A member of senior management serves as President of the local Chapter of this organization. Links is one of the oldest and largest volunteer service organizations of women who are committed to enriching, sustaining, and ensuring the culture and economic survival of African Americans and other persons of African ancestry. Links members have contributed more than 500,000 hours of community service annually-strengthening their communities. One of the specific focuses of the local Chapter in Massachusetts is providing financial literacy to low- and moderate-income youth in the Boston area. Many of the programs target low- and moderate-income individuals and areas.
- **Pacific Coast Regional Small Business Development Corporation** (California) – An OneUnited officer serves as a member and serves on the Loan Review Committee of this organization. The purpose of the organization is to educate, stimulate, and introduce borrowers to various small business lending alternatives.

In 2009, OneUnited introduced the *One Community Volunteer Program*. The program allows the Bank's employees to volunteer their time and talents to worthy and meaningful causes. These activities are not qualified community development services since they were performed on the employees' own time and/or the activities do not involve the employees' financial expertise.

The program allows employees to perform volunteer service hours at an organization that is tax-exempt under section 501(c) 3 of the Internal Revenue Service Tax Code and supports economic, educational, affordable housing, or improves the quality of life to low- and moderate-income communities. For every two hours of volunteered time, an employee earns reward stars which can then be redeemed for vacation time. In 2009 and 2010, employees volunteered at organizations that included Project Bread (MA), Neighborhood Housing Services (CA), United Care (CA), Miami Rescue Mission (FL), American Red Cross (CA), The Downtown Women's Shelter (CA), and the Boys and Girls Club (MA).

The overall level of community development services provided by OneUnited is considered marginally adequate, highlighted by the Bank's financial education initiatives. However, the Bank's performance was also influenced by the opening of its Dorchester branch, located in a low-income census tract, during the evaluation period. The new branch provided area residents, including low- and moderate-income individuals and families, access to banking services.

## STATE RATING - CALIFORNIA

***CRA RATING FOR California:***

***The Lending Test is rated:***

***The Community Development Test is rated:***

***NEEDS TO IMPROVE***

***Needs to Improve***

***Needs to Improve***

### SCOPE OF EXAMINATION

The Bank's performance was evaluated using the ISI CRA procedures. The Lending Test focused on HMDA-reportable loans originated or purchased in 2008, 2009, and YTD 2010. With respect to the Community Development Test, the data analyzed and considered was from the previous FDIC CRA evaluation (April 2007) through October 4, 2010.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN *California*:

OneUnited entered the California marketplace in 2001 with its acquisition of Founders National Bank, Los Angeles, California, and expanded its presence in 2002 with the Family Savings Bank merger. The merger with Family Savings Bank resulted in the acquisition of an established multi-family lending program, which has been the Bank's primary lending focus. OneUnited also originates 1-4 family residential loans. The Bank operates five branch locations within the AA. Please refer to the overall *Description of the Institution* and *Description of the Assessment Areas* for additional information about the institution and the demographics of the area.

### CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN *California*:

#### **LENDING TEST**

OneUnited Bank did not meet the credit needs of its AA, given its asset size and the opportunities that exist in the area. The Bank's low level of home mortgage lending in the California AA impacted the overall performance. The Bank displayed poor responsiveness to its AA.

#### **Loan-to-Deposit Ratio**

Bank management provided information pertaining to the Bank's LTD ratio in California as of June 30, 2008, 2009, and 2010. OneUnited's LTD ratio was 91.3 percent in 2008, 115.8 percent in 2009, and 122.3 percent in 2010. The increasing trend in the LTD is attributed to deposits decreasing at a faster pace than loans. Overall, the Bank's California LTD ratio is reasonable.

#### **Lending Inside the Assessment Area**

OneUnited's lending activity in the California AA is considered poor. While a substantial majority (94.8 percent) of loans in the State of California was within the Bank's AA, the volume of loans was too low to positively affect the rating. The Bank originated only 55 home mortgage loans in the California AA during the entire review period. This level of lending does not meet the standards of satisfactory performance given OneUnited's asset size and the performance context of the AA. The Bank's market share and rank within the California AA declined significantly from the previous evaluation in 2007.

### Geographic Distribution

The Bank's low volume of loans significantly affected performance under this criterion. Although the percentage of loans in the low- and moderate-income tracts is reasonable, the Bank's performance is deemed poor (i.e., less than reasonable) considering the limited number of total loans.

During the review period, the Bank made 6 loans in the area's low-income tracts and 19 loans in the moderate-income tracts. OneUnited's strongest performance during the review period occurred in YTD 2010, with 4 loans in low-income tracts and 8 loans in moderate-income tracts. The increasing trend is attributed to the new Chief Lending Officer in late 2009. While the performance in 2010 is positive, it does not offset the low level of overall lending that occurred in 2008 and 2009.

The Bank's distribution of loans within the California AA was compared to the performance of all HMDA reporters in 2008 and 2009. While the distribution of the Bank's lending activity compares favorably to the performance of the aggregate market in the low- and moderate-income tracts in the California AA in both years, OneUnited's performance is tempered by the low level of lending. Despite having a slightly higher percentage of loans originated in the area's low-income tracts than the aggregate market, the Bank made only one loan in a low-income tract in 2008 and 2009. Similarly, the Bank's performance also exceeded that of the aggregate with respect to percentage of loans in the area's moderate-income tracts. Nonetheless, the effect on the overall rating is moderate given the Bank's limited lending activity.

Further affecting OneUnited Bank's performance under this criterion was the very low percentage of census tracts penetrated by the Bank in the California AA. The Bank made a home mortgage loan in 46 (2.2 percent) of the 2,054 geographies in the California AA during the review period. As discussed previously, the CRA does not require a bank to lend in all geographies within its AA; however, the percentage of tracts penetrated by OneUnited does not reflect satisfactory performance of an institution of the Bank's asset size and business focus, as well as the performance context of the California AA.

### Borrower Characteristics

The Bank's performance in the California AA under this criterion is poor, primarily based on the low volume of lending during the review period. In 2008, the Bank made no loans to low-income borrowers and only two loans to moderate-income borrowers. In 2009, the Bank made two loans to low-income borrowers and two loans to moderate-income borrowers. In 2010, the Bank did not make any loans to low- or moderate-income borrowers. During the review period, the Bank originated only two loans to low-income borrowers, representing 5.3 percent of total loans in the California AA. OneUnited originated a total of four loans to moderate-income borrowers, representing 10.5 percent of all loans in the California AA. Each of these percentages is well below the percentages of low- and moderate-income households in the AA.

The distribution of the Bank's loans among borrowers of different income levels was compared to aggregate data for 2008 and 2009 in the California AA. While the Bank made a similar percentage of loans to low- and moderate-income borrowers as compared to the aggregate market, little positive consideration is given to the rating as a result of the very low number of loans originated by the Bank during this time period.

Conclusions under this criterion were influenced by the high percentage of low-income households below the poverty level (61.3 percent). This demographic data lends support to the claim that it is difficult for low-income individuals, particularly those below the poverty level, to qualify for a conventional mortgage considering housing prices within the California AA. Additionally, slightly less weight is assigned to this criterion, as 38.2 percent of the Bank's HMDA loans did not report income because they were multi-family loans.

The Bank's performance is not considered reasonable based on the very low level of lending to low- and moderate-income individuals in the AA. Despite the additional lending staff hired in late 2009 and early 2010, the Bank has not made any loans in 2010 to low- or moderate-income individuals.

#### Response to CRA Related Complaints

The Bank received two CRA related complaints during the review period, but they did not pertain to the California AA.

### **COMMUNITY DEVELOPMENT TEST**

The Bank originated an adequate level of CDLs, made a poor level of qualified community development investments, and provided a limited level of community development services in the California AA during the review period. Overall, OneUnited Bank's overall community development performance demonstrated poor responsiveness to the needs of the California AA based on the Bank's capacity and the availability of such opportunities in the area.

#### Lending

The Bank's level of community development lending in California is adequate. OneUnited originated 23 CDLs, totaling \$17.7 million in California. A total of 21 loans, totaling approximately \$14.1 million were originated within the California AA. Within the AA, the Bank originated 2 CDLs in 2007, none in 2008, 1 in 2009, and 18 in 2010. All but one of these loans was a multi-family loan that provided affordable rental housing to residents of the AA. Some consideration was given to the significant increase in community development lending in 2010; however, the higher volume of CDLs in 2010 also highlights the opportunities missed by OUB to make loans in the other years during the review period. The lack of loans can be attributed to the lack of lending resources and personnel.

#### Investments

A review of the Bank's qualified investments revealed a minimal level of qualified charitable contributions (\$12,375 over the period reviewed) in the California AA and one equity investment totaling \$15,000 to the California Economic Development Lending Initiative. There were no other qualified investments within the AA. Given the size of the institution and the needs within the area, the volume of qualified investments within the AA is considered poor.

#### Services

The level of community development services is considered less than adequate, as only one member of management provided financial expertise to a community development organization in the California AA. This is a very low level of participation considering the Bank's branch presence in California. However, it is acknowledged that the Bank was involved in some

financial literacy activities. The Bank provided these services in low- and moderate-income areas. Additionally, the Bank's Stocker branch is in a low-income census tract. The Compton branch and the Pasadena branch are located in moderate-income census tracts. All three of these locations are open until 6:00 p.m. on Fridays and from 9:00 a.m. until 1:00 p.m. on Saturdays. Please refer to the overall *Conclusions with Respect to Performance Tests* for detail on these activities.

## STATE RATING - MASSACHUSETTS

### ***CRA RATING FOR Massachusetts:***

***The Lending Test is rated:***

***The Community Development Test is rated:***

### ***NEEDS TO IMPROVE***

***Substantial Noncompliance***

***Needs to Improve***

## SCOPE OF EXAMINATION

The Bank's performance was evaluated using the ISI CRA procedures. The Lending Test focused on HMDA-reportable loans originated or purchased in 2008, 2009, and YTD 2010. With respect to the Community Development Test, the data analyzed and considered is from the previous FDIC CRA evaluation through October 4, 2010.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN *Massachusetts*:

OneUnited Bank, formerly the Boston Bank of Commerce, is a Massachusetts-chartered financial institution. Currently, OneUnited maintains and operates its headquarters and two retail branch offices within its Massachusetts AA, all of which are located in low-income census tracts. The Bank opened its Dorchester branch during the review period. Please refer to the overall *Description of the Institution* and *Description of the Assessment Areas* for additional information about the institution and the demographics of the AA.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN *Massachusetts*:

### **LENDING TEST**

OneUnited did not meet the credit needs of the Massachusetts AA. The Bank's very poor level of home mortgage lending in the area resulted in a Substantial Noncompliance Lending Test rating for Massachusetts.

#### **Loan-to-Deposit Ratio**

Bank management provided information pertaining to the Bank's LTD ratio in the State of Massachusetts as of June 30, 2008, 2009, and 2010. OneUnited's LTD ratio was 79.2 percent in 2008, 94.5 percent in 2009, and 79.4 percent in 2010. The Bank's total loans in Massachusetts declined each year. Total loans as of June 30, 2010 were \$27.1 million, which is 28.3 percent lower than the \$37.8 million in total loans as of June 30, 2008. Deposits also decreased each year during the review period. The increase in the Massachusetts LTD ratio in 2009 is attributed to a more dramatic decrease in total deposits than total loans. The Bank's Massachusetts LTD ratio is reasonable.

#### **Lending Inside the Assessment Area**

OneUnited's lending activity in the Massachusetts AA is considered very poor. While all loans in the State were within the Bank's AA, the volume of loans was too low to have any positive effect on the rating. The Bank originated only five home mortgage loans in the Massachusetts AA during the entire review period, with no loans originated in 2009. This level of lending is well below the standards of satisfactory performance given OneUnited's asset size, business focus, branch structure, and the lending opportunities within the Massachusetts AA.

### Geographic Distribution

The very low volume of residential mortgage loans significantly affected OneUnited's performance under this criterion. While it is acknowledged that four of the five loans originated in the Massachusetts AA were in low- or moderate-income census tracts, the small number of loans did not allow for constructive analysis. Further, although examination procedures require a comparison to aggregate data, such a comparison did not result in any meaningful conclusions based on the Bank's low volume of loans.

In 2008, the Bank made one loan in a low-income tract and one loan in a moderate-income tract. As indicated previously, the Bank did not originate any loans in Massachusetts in 2009. In YTD 2010, the Bank originated three loans, two of which were in moderate-income tracts and one in an upper-income tract. Despite hiring additional lending staff in late 2009 and early 2010, there has been little effect on the Bank's lending activity in the Massachusetts AA.

Furthermore, the very low percentage of census tracts penetrated by the Bank in the Massachusetts AA also contributed to the criterion rating. The Bank made a home mortgage loan in only 4 (2.3 percent) of the 176 census tracts in the Massachusetts AA during the review period. As discussed previously, the CRA does not require a bank to lend in all geographies within its AA; however, the percentage of tracts penetrated by OUB does not reflect satisfactory performance given the Bank's asset size and business focus.

### Borrower Characteristics

The Bank's performance in the Massachusetts AA was very poor due to the low volume of lending during the review period. In 2008, the Bank made only one loan to a low-income borrower and one loan with no income data reported. Again, there were no loans in 2009. In 2010, the Bank made two loans to upper-income borrowers and one loan with no income data reported. In total, the Bank originated one loan to a low- or moderate-income borrower in the Massachusetts AA during the review period. A comparison to aggregate data did not result in any meaningful conclusions.

### Response to CRA Related Complaints

The Bank received two CRA-related complaints during the review period, but neither complaint pertained to the Massachusetts AA.

## **COMMUNITY DEVELOPMENT TEST**

The Bank's overall community development performance demonstrates poor responsiveness to the community development needs of the Massachusetts AA through CDLs, qualified investments, and community development services, considering the institution's capacity and the need and availability of such opportunities in the Massachusetts AA.

### Lending

The Bank originated one qualified CDL in 2008, totaling \$600,000 inside the Massachusetts AA. This represents a significant decrease in the number of CDLs, and dollar amount, since the previous evaluation. The loan was made to a nonprofit organization to purchase a multi-family residence that functioned as a group home for low-income individuals. The group residence was also located in a moderate-income tract. OneUnited's community development lending is considered poor based on the Bank's size, resources, and needs of the AA.

### Investments

A review of the Bank's qualified investments revealed a poor level of charitable contributions (\$15,350 over the period reviewed) in the Massachusetts AA. Additionally, there were no equity investments or other qualified investments made within the AA. Given the size of the institution and the fact that OneUnited is chartered in Massachusetts, the volume of qualified investments within the AA is considered less than adequate.

### Services

Both of the Bank's full service branch locations are in low-income census tracts, with the Dorchester branch opened during the evaluation period. The opening of the Dorchester branch provided the area, including low- and moderate-income individuals and families with greater access to banking services. The Dorchester branch also offers extended weekday hours on Friday and is opened Saturdays. The opening of this branch is considered positive, particularly in light of the current economic conditions in the assessment area.

Individual officers supported two community development organizations in the area, as well as other national organizations. These individuals served in leadership roles at the organizations, including Board positions, and provided the organizations with their financial expertise and experience.

Bank documentation also revealed that OneUnited is active in providing and supporting financial literacy initiatives in the area. The Bank's involvement includes its work with Links, Inc., to create and provide the *Gift of Money* workshop to local schools and youth organizations.

Please refer to the overall *Conclusions with Respect to Performance Tests* section for details on these activities.

## STATE RATING - FLORIDA

### ***CRA RATING FOR Florida:***

***The Lending Test is rated:***

***The Community Development Test is rated:***

***SUBSTANTIAL NONCOMPLIANCE***

***Substantial Noncompliance***

***Substantial Noncompliance***

### **SCOPE OF EXAMINATION**

The Bank's performance was evaluated using the ISI CRA procedures. The Lending Test focused on HMDA-reportable loans originated or purchased in 2008, 2009, and YTD 2010. With respect to the Community Development Test, the data analyzed and considered is generally from the previous FDIC CRA evaluation through October 4, 2010.

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN *Florida*:**

OneUnited Bank acquired the former Peoples Bank of Commerce (Peoples) in Miami in 1999. OneUnited now operates two former Peoples' branches within its Florida AA. Despite intentions to increase lending activities in Florida, the Bank had little success. Please refer to the overall *Description of the Institution* and *Description of the Assessment Areas* for additional information about the institution and the demographics of the assessment area.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN *Florida*:**

#### **LENDING TEST**

Based on the overall low volume of lending and the absence of any particularly noteworthy lending activity in the Florida AA, a rating of Substantial Noncompliance is assigned. The Bank's previous history of very poor performance in Florida contributed to the rating.

#### **Loan-to-Deposit Ratio**

Bank management provided information pertaining to the Bank's LTD ratio in the State of Florida as of June 30, 2008, 2009, and 2010. OUB's LTD ratio was 49.1 percent in 2008, 50.4 percent in 2009, and 135.4 percent in 2010. The Bank's total loans in Florida declined steadily during the review period. Total loans as of June 30, 2010 were \$24.8 million, which is 21.8 percent lower than the \$31.8 million in total loans as of June 30, 2008. Deposits also decreased during the review period, with a dramatic decrease occurring in 2010 due to the loss of a large municipal deposit. The substantial increase in the Florida LTD ratio in 2010 is attributed to the large decrease in total deposits. Overall, the Bank's Florida LTD ratio is reasonable.

#### **Lending Inside the Assessment Area**

OneUnited's lending activity in the Florida AA is considered very poor. While all loans in the State were within the Bank's AA, the volume of loans was too low to have any positive effect on the rating. The Bank originated only three home mortgage loans in the Florida AA during the entire review period, with no loans originated in 2009. This level of lending is well below the standards of satisfactory performance given OneUnited's asset size, business focus, branch structure, and the lending opportunities within the Florida AA.

### Geographic Distribution

The Bank's very low volume of residential mortgage loans significantly affected OneUnited's performance under this criterion. While it is acknowledged that two of the three loans originated in the Florida AA were in low- or moderate-income census tracts, the small number of loans did not allow for constructive analysis. As was the case in Massachusetts, the comparison to aggregate data did not produce any meaningful conclusions.

In 2008, the Bank made only two loans, both of which were in a moderate-income census tract. As indicated previously, OneUnited did not originate any loans in Florida in 2009. In YTD 2010, the Bank originated one loan in a middle-income tract. Despite hiring additional lending staff in late 2009 and early 2010, there has been little effect on OneUnited's lending activity in the Florida AA.

Furthermore, the very low percentage of census tracts penetrated by the Bank in the Florida AA also contributed to the criterion rating. The Bank made a home mortgage loan in only 3 (0.5 percent) of the 626 census tracts in the Florida AA during the review period. As discussed previously, the CRA does not require a bank to lend in all geographies within its AA; however, the percentage of tracts penetrated by OneUnited does not reflect satisfactory performance of an institution of the Bank's asset size and business focus.

### Borrower Characteristics

The Bank's performance in the Florida AA was very poor based on the lack of lending to low- and moderate-income borrowers and the overall low volume of lending during the review period. In 2008, the Bank made only two loans, both to middle-income borrowers. There were no loans in 2009. In 2010, the Bank made one loan to an upper-income borrower. The Bank did not originate any loans to low- or moderate-income borrowers in the Florida AA during the review period.

### Response to CRA Related Complaints

There were two CRA-related complaints during the review period pertaining to the Bank's CRA performance in the Florida AA. One was received in 2007 and the second was received in 2010. As indicated in the Overall Lending Test, the 2007 complaint urged the institution to allocate additional resources to its banking activities and to make concerted efforts to meet affordable housing needs in the Florida AA. OneUnited responded in writing to this complaint. The 2010 complaint commented on the Bank's application to close its Lauderdale Lakes branch. The complaint asserted that OneUnited should only be allowed to close this branch if it submits a comprehensive CRA Plan to improve its CRA performance. As of the date of this evaluation, OneUnited had not responded to the most recent complaint.

Based on the Substantial Noncompliance rating for Florida, the Bank has not taken appropriate action in response to complaints regarding its performance. The Bank's record of responding to CRA-related complaints reflects negatively on the Florida Lending Test.

## **COMMUNITY DEVELOPMENT TEST**

The Bank's community development performance demonstrates very poor responsiveness to the community development needs of the Florida AA through CDLs, qualified investments, and community development services, considering the institution's capacity and the need and availability of such opportunities in the Florida AA. The Bank was assigned a *Needs to Improve* under this test at the previous evaluation; therefore, the lack of improvement in its current performance results in a rating of *Substantial Noncompliance*.

### **Lending**

The level of community development lending in the Florida AA is less than adequate. The Bank made only one qualified CDL in Florida, totaling approximately \$4.1 million. The loan was made to a religious organization to fund the construction of family center/worship hall. The organization's mission includes outreach and support to the poor, homeless, jobless, imprisoned, and elderly. This loan was originated in 2007. The bank has not made a community development loan in the Florida AA in 2008, 2009, or 2010.

### **Investments**

A review of the Bank's qualified investments in Florida revealed no equity investments; however, as previously noted the bank had one qualified investment in the form of a CD in a CDFI in the amount of \$99,629.41. The bank also had a very low level of charitable donations (\$6,425). Given the size of the institution and the fact that Florida has been a part of the Bank's business plan since 1999, the level of qualified investments is considered low.

### **Services**

A review of the Bank's retail operations revealed that both Florida branches are located in moderate-income tracts. Both locations offer extended hours on Fridays, with the Miami location also opened on Saturday mornings. A review of the community development services revealed that OUB has been somewhat active in providing and supporting financial literacy initiatives in Florida, but involvement in community organizations by management and staff was very limited. In fact, no member of senior management is currently involved in a Florida-based community development organization.

## **METROPOLITAN AREAS**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS (California/Massachusetts/Florida):**

The California, Massachusetts, and Florida AAs are situated in the Los Angeles-Long Beach-Glendale, CA MD; the Boston-Quincy, MA MD; and the Miami-Miami Beach-Kendall, FL and Fort Lauderdale-Pompano Beach-Deerfield, FL MDs, respectively. Please refer to the respective sections within the *Description of the Assessment Areas* for additional information. In addition, a summary of the operations within each State and subsequent MD is specifically addressed in the overall discussion of *Conclusions with Respect to Performance Tests* and the specific summary of State ratings. Please refer to each of these areas of the evaluation for additional information.

### **CONCLUSION WITH RESPECT TO PERFORMANCE TESTS (California/Massachusetts/Florida):**

The conclusions with respect to each State and subsequent MD are captured within the individual State ratings. Please refer to the applicable state rating (California/Massachusetts/Florida) for additional information.

**APPENDIX A**  
***Massachusetts Division of Banks***  
***Fair Lending Policies and Practices***

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

The Bank has a written Fair Lending Policy. The Bank proactively and affirmatively supports the fair lending process through fair, but flexible lending policies.

All employees are provided with training appropriate to their job description and responsibilities in fair lending issues.

Violations of the Federal Reserve Board's Regulation B – Equal Credit Opportunity (ECOA) were identified during the concurrent compliance examination of the Bank; however, the Bank's overall CRA rating was not negatively impacted.

**Minority Application Flow**

According to the 2000 U.S. Census Data, the Bank's Massachusetts AA contained a total population of 689,807 individuals of which 47.9 percent are minorities. The area's minority and ethnic population is 20.9 percent Black/African American, 7.0 percent Asian/Pacific, 0.2 percent American Indian, 15.5 percent Hispanic or Latino and 4.3 percent other.

For 2008, 2009, and YTD 2010, the Bank received 10 HMDA reportable loan applications from within its assessment area all of which were received from minority applicants. Of these applications, 3 or 30.0 percent resulted in originations.

The Bank's level of applications was compared with that of the aggregate's performance levels for the most recent year that data was available, the year 2009. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants.

In 2009, the aggregate received 38,981 applications in the assessment area. Of those applications, 0.2 percent was received from American Indian, 4.9 percent Asian, 7.3 percent from African American, and 0.3 from Hawaiian/Pacific Islander racial minorities. The aggregate also received 5.4 percent from ethnic minorities including Hispanic. Of the applications received from minorities, 56 percent resulted in originations.

While the Bank's minority application flow exceeded the aggregate, it should be noted that this performance is tempered by the overall very low volume of total applications.

## APPENDIX B

### SCOPE OF EXAMINATION:

<b>OneUnited Bank</b>	
<b>SCOPE OF EXAMINATION:</b>	Intermediate Small Institution CRA evaluation: Lending Test and Community Development Test
<b>TIME PERIOD REVIEWED:</b>	HMDA Loans: 2008, 2009, and YTD 2010 (through September 30) Community Development Activities: April 3, 2007 through October 4, 2010
<b>PRODUCTS REVIEWED:</b>	HMDA reportable loans

<b>LIST OF AFFILIATES AND PRODUCTS REVIEWED</b>		
<b>AFFILIATE(S):</b>	<b>AFFILIATE RELATIONSHIP:</b>	<b>PRODUCTS REVIEWED:</b>
NA	NA	NA

<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA:</b>	<b>TYPE OF EXAMINATION:</b>	<b>BRANCHES VISITED:</b>	<b>OTHER INFORMATION:</b>
Massachusetts (Suffolk County)	CRA (ISI)	NA	NA
California (Los Angeles County)	CRA (ISI)	3683 Crenshaw Blvd.	NA
Florida (Miami-Dade County and Broward County)	CRA (ISI)	NA	NA

## APPENDIX C

### FDIC

SUMMARY OF STATE RATINGS			
STATE NAME:	LENDING TEST RATING:	COMMUNITY DEVELOPMENT TEST RATING:	OVERALL STATE RATING:
California	Needs to Improve	Needs to Improve	Needs to Improve
Massachusetts	Substantial Noncompliance	Needs to Improve	Needs to Improve
Florida	Substantial Noncompliance	Substantial Noncompliance	Substantial Noncompliance

## **APPENDIX D**

### **GENERAL DEFINITIONS**

#### **GEOGRAPHY TERMS**

**Census Tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Metropolitan Area (MA):** One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

**Metropolitan Statistical Area (MSA):** One or more metropolitan areas that have economic and social ties.

**Primary Metropolitan Statistical Area (PMSA):** A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than 1 million persons, PMSAs may be defined within it.

**Consolidated Metropolitan Statistical Area (CMSA):** The larger area of which PMSAs are component parts.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

**Rural Area:** Territories, populations and housing units that are not classified as urban.

## **HOUSING TERMS**

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

## **INCOME TERMS**

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Area Median Income:** The median family income for the MA, if a person or geography is located in an MA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MA.

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

**HUD-Adjusted Income Data:** The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

## **OTHER TERMS**

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

**Small Business Loan:** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and by the Federal Deposit Insurance Corporation, at 100 Franklin Street, Boston, Massachusetts."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.